



MONTANA MUNICIPAL INTERLOCAL AUTHORITY

PO Box 6669
Helena, MT 59604

RISK MANAGEMENT BULLETIN

Please distribute to all appropriate personnel and post in a conspicuous place.

Date: 12/14/2023

RM Bulletin #03-24

To: MMIA Member-Owners

From: MMIA Risk Management

RE: Housing Authority

Housing Authority

Did you know?

Housing Authorities provide a critical service to our communities. Did you know that they are a separate entity from the municipality and not covered by the MMIA Memorandum of Liability Coverage?

According to Montana law, a Montana municipality can create a municipal housing authority after a process of resident petition, city council hearing, the passing of a city ordinance, mayoral appointment of the housing authority commissioners, and passage of a ballot measure by the residents of the municipality. Once approved and formed, the housing authority **must apply for incorporation with the secretary of state and be formed as a non-profit**. Title 7, chapter 15, parts 44 and 45 of MCA state: the creation of a **municipal housing authority as a separate and independent entity** that is its own “body corporate and politic” empowered with broad decision-making authority for its own operation and administration. A municipal housing authority is **therefore its own entity, not a subdivision of a municipality**. The only other requirement of a housing authority regarding interactions with the municipality that formed it is that the housing authority must provide an annual report to the city council.

As a separate entity from the municipality, the MMIA Memorandum of Liability Coverage is consulted to verify any coverage concerns that would apply. *Section 5 of the MLC* defines a “Covered Party” as the “Entity” (the municipality) and any agencies under a municipality’s direct control. For brevity, the applicable sections are noted below.

SECTION 5. COVERED PARTY

5.1. The Entity

5.4 A quasi-governmental or intergovernmental agency, board or commission which is governed directly by the Entity by having a majority of the members of such agency, board, or commission representing or appointed by the Entity; provided, however, that any such agency, board or commission that is required by the



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Entity or pursuant to resolution, ordinance, charter or statute to obtain its own separate insurance coverage or has obtained coverage from some other source to cover its activities and functions, whether or not required to do so, shall not be a COVERED PARTY. Any quasi-governmental or intergovernmental agency, board or commission which is autonomous from the Entity is not a COVERED PARTY. For purposes of this paragraph 5.4 indicia of autonomy shall include but not be limited to the ability to hire employees, collect fees or other revenues, enter into contracts, or purchase equipment or materials. An Entity desiring coverage for a quasi-governmental or intergovernmental agency, board or commission not otherwise covered under this Memorandum may apply to the Authority requesting that such agency, board or commission be endorsed as an Additional Covered Party under this Memorandum, and the Authority may at its discretion grant such application by issuing an ENDORSEMENT or amendment to this Memorandum.

Conclusion:

As shown above, the Housing Authority would not be covered under the MMIA Memorandum of Liability Coverage. Housing Authorities should secure coverage of their own from another source.

If Housing Authority payrolls and assessments have been reported to MMIA for Liability Coverage and Workers' Compensation Coverage, these should be amended immediately. Future payrolls should no longer be reported for MMIA Liability or Workers' Compensation Coverages.

Additional Reference: MCA 7-15-4402, 4403, 4406, 4408, 4409, 4411, 4421, 4451, and 4460.